



## The Cryptocurrency Industry is Down Over 25% in 6 Weeks – Time to Panic or Buy the Dip?

### Description

Over the last six weeks, the cryptocurrency industry has seen a significant selloff. The major coins such as **Bitcoin** and **Ether** were some of the first to lose value and have now been mainly trading rangebound the last few weeks. Meanwhile, the total market of the entire cryptocurrency industry continues to fall.

Back on November 10, the industry reached an all-time high market cap of roughly US\$3 trillion before starting the selloff that it's still on today. At the time of writing, the entire cryptocurrency industry is worth just US\$2.2 trillion, showing the industry has lost over 25% of its value in less than a month and a half.

But there is still so much potential with cryptocurrencies, and major non-financial companies such as **Nike**, for example, continue to adapt and find ways to integrate into the industry of future technology.

So if cryptocurrencies offer so much long-term potential, then why have they been selling off lately, and should you be concerned, or is this the ultimate time to buy?

### Why are cryptocurrencies selling off?

Before making an investment, it's critical to find out why a stock, cryptocurrency or even the entire sector is performing the way it is. When considering the entire cryptocurrency industry, there are three main headwinds to consider today.

The most prominent right now is the slowing down of stimulus from countries combined with the expectation of interest rate increases next year. That slowing down of stimulus, plus the resurgence of the Omicron virus is causing investors to sell some of their higher-risk assets which heavily impacts cryptocurrency prices.

However, while cryptocurrencies are impacted by investors moving away from higher-risk assets, a resurgence of the virus or less stimulus in markets won't actually have that much of a long-term effect

on cryptocurrencies.

Another headwind that some investors are worried about right now is the potential for regulation. There is concern among some investors that cryptocurrencies will eventually be outlawed. And while this has happened in some countries, it's unlikely to happen everywhere for a few reasons.

Some cryptocurrencies are backed by incredible technology with real-world use cases. In addition, countries are already adapting cryptocurrencies to become legal tender. In El Salvador, Bitcoin is now legal tender, and in the Marshall Islands, cryptocurrency has been used as an official currency since 2018.

Lastly, the volatility in the industry is another factor that turns some investors away. There's no doubt these are some of the most volatile assets to consider, which can make it quite risky for some investors. However, the best way to mitigate volatility is to invest for the long run and dollar cost average as you buy your investments.

## Bottom line

These three headwinds are all having an impact on the cryptocurrency industry's attempt to continue growing. And while it's understandable that each one can have a short-term impact, none of these should impact the industry's potential over the long run.

Volatility can be mitigated by doing tonnes of [research on the cryptocurrencies](#) you're going to buy and investing for the long haul. Higher interest rates and the resurgence of the virus will have almost no long-term impact, especially since blockchain technology has so many advantages.

So as institutional investors and [major companies](#) continue to jump on the bandwagon and join the space, it's certainly an industry you'll want to consider. This isn't the first time we've seen the industry pullback significantly for a few months. It's not even the first time it's happened this year.

So while the industry continues to sell off and experience volatility, now is the time to take advantage and buy the highest-quality cryptocurrencies while they are cheap. And as long as you do the research and understand what you're buying, it will almost certainly be an investment that will pay off over the long haul.

## CATEGORY

1. Cryptocurrency
2. Investing

## PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News

8. Yahoo CA

**PP NOTIFY USER**

1. danieldacosta
2. gsmiley

**Category**

1. Cryptocurrency
2. Investing

**Date**

2025/08/23

**Date Created**

2021/12/20

**Author**

danieldacosta

default watermark

default watermark